

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO. 3952-01  
BILL NO. HB 1778  
SUBJECT: Utilities; Public Service Commission  
TYPE: Original  
DATE: March 29, 2000

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**FISCAL SUMMARY**

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<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
General Revenue	(\$443,313)	(\$469,702)	(\$276,818)
Public Service Commission Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$443,313)</b>	<b>(\$469,702)</b>	<b>(\$276,818)</b>

\* Assumes costs of \$584,294, \$619,276 and \$430,065 in FY 01, FY 02 and FY 03 respectively, and an increase in the PCS assessment and appropriation, resulting in a net effect of \$0.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses

This fiscal note contains 14 pages.

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

In a similar previous proposal, officials from the **Office of Administration - Division of Purchasing and Materials Management (COA)** assumed this proposal would not fiscally impact their agency. The COA assumed the proposal could have long-range implications, since it would provide the State of Missouri, as a retail electric consumer, the ability to purchase electric service in a competitive market. Depending on the availability of competitive markets for retail electric service, the Division of Purchasing could see an increased workload with bidding and establishing contracts for electric service for state facilities. Also, Chapter 34 RSMo, which defines purchasing requirements for the State, requires “supplies” in excess of \$3,000 to be purchased based on competitive bidding. However, the definition of “supplies” in Section 34.010 specifically excludes “utility services regulated under Chapter 393”. The Division of Purchasing is unsure if utility services would still be “regulated” under Chapter 393 and therefore excluded from competitive bidding requirements as defined in Chapter 34.

Officials from the **Department of Revenue (DOR)** assume the proposed legislation would have no fiscal impact on their agency.

Officials from the **Department of Natural Resources (DNR)** assume any fiscal impact resulting from the cost of electricity to the DNR is unknown. The DNR assumes any increase in air emissions, wastewater emissions and additional ash generated for disposal will continue to require appropriate permits that must consider cumulative impacts. Increases in air emissions will require additional controls for water contaminants such as SO<sub>2</sub> (Sulfur Dioxide), NO<sub>x</sub> (Nitrogen Oxide) and mercury. Use of alternate fuels, for example, landfill gases, tire-derived fuel or any other solid waste should continue to be competitively available. Siting new facilities and additional transmission lines and decommissioning of retiring facilities will require appropriate permits.

DNR assumes the following local fiscal impact could result:

#### **1) Changes in property tax collections**

In the process of removing the PSC controlled regulatory framework and replacing it with a market driven approach to the generation of electrical power, there are some major investments (such as obsolete power plants) that would be worth substantially less after de-regulation than they are currently. This has the potential to be the cause of massive reductions in property values, and thus lead to a reduction in property taxes collected.

ASSUMPTION (continued)

The department is unable to offer an informed estimate of the size and number of these local impacts.

2) Changes in purchasing practices

Until electric de-regulation is enacted, establishing the price of electric service provided to local units of government has been handled by the Public Service Commission. As a result, most communities have not developed expertise in the purchasing this commodity/service. When competition is in effect, communities will be faced with new choices. To address this change, communities will either forgo opportunities to get the best available package of price and service, or they will have to develop expertise in purchasing this commodity/service.

The department is unable to offer an informed estimate of the potential for savings or increase in costs.

In a similar previous proposal, the **Department of Economic Development, Office of Public Counsel (OPC)** stated that proposal would create many additional duties and would require 5 FTE, including an additional engineer, an additional economist, a consumer education/outreach specialist, a consumer services specialist, and one additional support staffer to handle the additional duties required by this bill. Note that although this type of legislation is sometimes called “deregulation,” Public Counsel believes that there will be many additional duties created, while very few if any of the current duties and responsibilities of the office will cease.

Section 393.806.1 permits new entrants in the business of providing electricity to end users. Section 393.836 requires these players to be certified by the Commission. In order to protect the interests of consumers, Public Counsel believes that the fitness of every one of these new entrants must be carefully investigated and examined. Both the additional economist and the additional engineer will be necessary for Public Counsel to effectively participate in these cases. Because there will likely be different entities providing generation, transmission, and distribution services there will be an increased number of contractual arrangements, and a much larger and more diverse group of entities involved in delivering power to the end user. The reliable performance of each of these entities, some of which will be regulated by the state, some by the federal government, and some of which will be unregulated, will be critical to the continued reliability and adequacy of electric service. This Bill does not change the public interest concerns with regard to the provision of electric service. Therefore, the contractual paths as well as the actual physical paths of power flow must be analyzed and monitored. Both the additional economist and the additional engineer will be involved in this analysis and monitoring. The economist will be necessary to monitor transactions among regulated entities and their affiliates,

ASSUMPTION (continued)

and to ensure that these transactions take place at market value and do not provide an unfair competitive advantage. The engineer will also be required to determine whether proposed contractual arrangements could have the effect of overloading transmission or distribution lines.

The engineer will also be necessary to evaluate the necessity for, as well as the cost estimates for, any transmission and distribution system upgrades or additions. The need for capacity upgrades is expected since the transmission system was not built to handle the level of interchange transactions likely to accompany retail competition. This position will also be responsible for evaluating new metering and billing technology in particular, and any new technology in general. Consumers will, for the first time, be faced with making a choice of who provides their power. At the same time, they will be faced with the complexity of an unbundling of the charges that heretofore have been bundled into a single charge. Public Counsel expects a dramatic increase in customer confusion from both of these changes. As a result, Public Counsel will need to significantly increase its proactive consumer education efforts. Public Counsel believes that a full time employee with a background in consumer education and outreach will be necessary to handle these new duties, which will include educating consumers in how to compare offers from different providers, evaluating the reliability of different providers, and publishing educational materials.

Additionally, Public Counsel strongly believes it will be necessary to establish a toll-free number to handle the increased call volume expected from consumers who are seeking more information, are confused, have had problems or been victims of fraud or unfair practices. Public Counsel will need to hire a full time consumer services representative to handle the expected call volume. The single 800 toll-free consumer complaint line is figured at the State's contracted rate of \$0.0928 per minute for intrastate calls based on an 8 hour day for 52 weeks.

Because Public Counsel already has a low support staff/professional ratio of 1/6, the addition of these full time positions will require the addition of a support staff position. Given the high volume and the inherently technical nature of the material that the office deals with, this ratio is very low.

The Office of the Public Counsel would require a \$70,000 increase in its annual consulting budget, as well as a one-time increase of \$200,000 for **each** of the first two years this law is in effect.

Sections 393.812.4 will require an extensive cost allocation study for each investor owned utility. Public Counsel does not currently perform such cost allocation studies. Because this work is so specialized, and because the requisite expertise is needed for only one to two years, Public

ASSUMPTION (continued)

Counsel believes that the use of a consultant to prepare these studies will be cheaper in the long run than training several full time employees over and above those discussed above. Public Counsel anticipates that the cost of these **cost allocation studies** for each of the five investor owned utilities will be \$40,000. It is assumed that the utilities will be unbundled in one to two years, therefore, for purposes of this fiscal note it is assumed that the costs will be split evenly over two years.

Section 393.821 will require a complex contested case for each electric utility to determine net transition costs. These will be very complex proceedings requiring consultants with great deal of expertise in a narrow field, and with the ability to do a high level of specialized modeling. Because this work is so specialized, and because the requisite expertise is needed for only two years, Public Counsel believes that the use of a consultant to do this analysis and testify in these cases will be cheaper in the long run than training several full time employees over and above those discussed above. Public Counsel anticipates that its cost to participate in the **transition cost (stranded costs) studies** of the five investor owned utilities will also be \$40,000 for each utility.

Again, it is assumed that the utilities will be unbundled in one to two years, therefore, for purposes of this fiscal note it is assumed that the \$400,000 costs will be split evenly for the two studies between the first two years.

As noted above, there will also be a need for an annual increase in Public Counsel's consulting budget of \$70,000. This increase will allow Public Counsel to use consultants to become involved in monitoring and participating in the governance of regional transmission groups or independent system operators. It will also allow Public Counsel to formulate and present evidence in proceedings to true-up any transition cost estimates. It will also allow Public Counsel to monitor market transactions (including the activity of aggregators combining smaller loads of residential and commercial customers) to ensure that market power does not exist, as well as to ensure that effective competition is developing. Should problems be found in these areas, Public Counsel will be able to use consultants to determine appropriate remedial or mitigation measures.

**Oversight** assumes this proposal does not require OPC to establish a toll-free complaint line, and therefore, OPC would not have a need for the Consumer Services Specialist or other associated costs.

OPC states that their agency already has a low support staff/professional ratio of 1/6, and the addition of 5 full-time positions would require the addition of a Clerk Typist. **Oversight**

ASSUMPTION (continued)

assumes this proposal would require a Public Utility Engineer, a Public Utility Economist, and a Consumer Education/Outreach Specialist, and would not require additional support staff for these employees. Additional support staff, as well as the establishment of a toll-free complaint line, may be requested through the normal budgetary process. Oversight further assumes the additional FTE could be located using existing space and has not included rental costs in the fiscal impact specifications below.

The **Department of Economic Development, Public Service Commission (PSC)** assumes that implementation of this legislation will require a total of 8 FTE, including one Regulatory Economist III, one Utility Regulatory Engineer I, two Consumer Services Specialist Is, one Legal Counsel, two Regulatory Law Judges, a Clerk Steno III, and related expense and equipment. Also, it would be necessary to contract with three outside consultants at an estimated cost of \$200,000 in both fiscal years FY 01 and FY 02, and \$300,000 in FY 03, depending on the effective date of the bill. One consultant would be responsible for the development of stranded cost methods and the application of those methods to the various utilities, including a detailed review of the utility filings over the three-year implementation period. Stranded costs issues addressed by this consultant will include recommendations on methods for measuring stranded cost, with the possibility of estimating future market prices for electricity. After developing specific recommendations on measuring stranded costs, the consultant will be required to apply those measures to each of the utilities. The second consultant would be responsible for the development of market power analyses and the design of a market power monitoring system. This will include suggesting market power criteria and indices, and recommending methods for mitigation of potential market power abuse. In addition, this consultant may recommend rules and regulations for electric industry participants, recommend criteria and guidelines needed to verify and monitor that retail electric companies are functionally disaggregated, recommend criteria and guidelines needed to verify competitive electricity providers are operationally and financially separate. Finally, as a part of the market power determinations, this consultant will review transmission capacity in Missouri and plans for addressing transmission needs and provide assistance in oversight of the creation and monitoring of a statewide pool and coordinate with the relevant independent system operators (ISOs) or their functional equivalent. A third consultant will be needed in the year just prior to implementation to address specific issues related to load profiling and classification of consumer loads for purposes of scheduling electricity from alternative retail providers. These recommendations will include details on scheduling procedures to be used to coordinate between retail generation service providers and the distribution companies and settlement procedures when schedules and actual use are not in balance. Based on information in responses to previous similar legislation, **Oversight** has adjusted consultant fees to \$200,000 each year for FY 01 and FY 02.

ASSUMPTION (continued)

The additional FTE would need to perform the following functions: Regulatory Economist III will implement electric company rate unbundling; develop competitive electricity provider access rates and conditions of service; participate in the development of a market power data collection and monitoring system; be responsible for ongoing market power monitoring; develop terms and conditions for distribution utility access rates; develop with the assistance of the Utility Regulatory Engineer I the specific terms and conditions of rules and regulations that establish the business relationship of electric industry participants; participate in the development of criteria and guidelines to quantify competitive transition costs; participate in rate cases relating to the setting of competitive transition costs; and engage in oversight of the creation and monitoring of a statewide pool and ISOs or their functional equivalents.

Utility Regulatory Engineer I will develop criteria for the assessment of the technical ability of competitive electricity providers that seek to be licensed by the Commission; assess whether such license applicants meet financial, operational and other established criteria; render opinions as to the adequacy of their technical ability to provide electric service in Missouri; establish criteria for the assessment of whether affiliate competitive electricity providers are functionally separate from distribution utilities; perform compliance reviews that determine whether distribution utilities are maintaining functions separate from affiliate competitive electricity providers; investigate inquiries and complaints regarding whether distribution utilities are maintaining functions separate from affiliate competitive electricity providers; report the results of these inquiries and investigations; develop the specific terms and conditions for distribution utilities' access rates related to operations and services; assist in the development of specific terms and conditions in rules that establish and monitor the business relationships for electric industry participants; perform reviews to ensure electric industry participants' compliance with the provisions of other Commission rules; review and evaluate reported transmission capacity in Missouri and plans for addressing transmission needs; and participate in market power monitoring.

Legal Counsel will handle legal issues related to implementation of electric unbundling and enforcement of new rules and regulations; handle legal issues related to initial cases to develop unbundled rates and subsequent cases related to the ongoing rate activity caused by distribution utilities' access rates and recovery of competitive transaction losses; handle legal issues related to competitive electricity provider licensing; handle legal issues related to electric company functional disaggregation/operational separation/financial separation; handle legal issues related to market power monitoring; handle legal issues related to rules for electric industry competitive electricity providers' business relationships; handle legal issues related to creation and monitoring of statewide pool; investigate pending legal actions respecting, and compliance with, legal requirements by applicants seeking to operate as competitive electricity providers; and

ASSUMPTION (continued)

provide legal analysis and support relating to creation and monitoring of ISOs or their functional equivalents.

Two Consumer Services Specialist Is will review and respond to inquiries and complaints in regard to competitive transition charges; receive and handle complaints of unauthorized switching of retail customers' generation service; receive and handle complaints regarding solicitation by or operations of unlicensed competitive electricity service providers and receive and handle complaints of improper billing practices and customer service, including possible improper disclosure of customer information.

Regulatory Law Judges will conduct hearings and draft decisions for Commission review and approval relating to the activities set out above.

Clerk Steno III will provide support to the two Regulatory Law Judges.

The PSC assumes the proposed legislation could affect total state revenues due to the collection of taxes on a different level of electric service revenues relating to the generation of electricity.

**Oversight** assumes the PSC would increase the assessment to utilities and that appropriation would be made, resulting in a net effect of \$0.

Officials from the **City Utilities of Springfield (SPG)** assume it is impossible to forecast the fiscal impacts on the community from such a proposal, given the high degree of uncertainty on how the market will ultimately develop and the degree of market power that different players will be able to exert in a restructured environment. The SPG noted the Restructuring and Competition Task Force (RCTF) at City Utilities has been studying the possible effects of retail customer choice on its customers, its utility and the city for over two years.

Officials from the **Office of the Secretary of State (SOS)** assume the proposed legislation would require the SOS to act as agent for service of process for competitive electricity providers licensed in the state. It could result in unknown costs, but would be expected to be insignificant. Based on the experience of the SOS office acting as service agent for other business entities, the time required to process such an event of service is approximately .75 to 1.0 hours. Each event of service requires the expenditure of approximately \$6 - \$8 in certified mail costs. It is uncertain how many such entities will be required to use the SOS in this capacity. If a sufficient number of entities are involved, or if those entities that are involved are the subject of frequent litigation, additional FTE (and associated E&E) might be required to handle the service of process. While this bill alone would not require the SOS to hire additional personnel, the SOS



ASSUMPTION (continued)

assumes the cumulative effect of this and other bills imposing additional duties on the Business Services Divisions of the SOS may, in the aggregate, necessitate additional staff.

In response to a similar previous proposal, officials from **Columbia Water and Light Department (COL)** stated it would be very difficult to provide an accurate fiscal impact for this proposal. The proposal would leave municipal utilities out of competition unless the municipality “opts in”. If Columbia were to remain “out”, there would be no fiscal impact. On the other hand, if Columbia is pressured by its customers to “opt in”, the fiscal impact would depend upon market prices. There is the potential for the City to lose several million dollars in utility revenues. The actual amount will depend upon the timing of “opting in” and the market prices at such time. The proposal would profoundly affect the manner in which electric energy is bought and sold and how the COL does business.

This proposal will profoundly affect the manner in which electric energy is bought and sold and how the Columbia Water and Light does business. Chances are good there would be a loss of customers and revenue, with costs exceeding a million dollars a year. These costs could have a substantial impact on the budgets and operations of both Columbia Water and Light and the local government.

Officials from the **Independence Power and Light (IND)** and the **City of St. Louis (STL)** did not respond to our fiscal impact request.

**Oversight** assumes this proposal would result in new requirements that all utilities would have to meet, resulting in unknown costs.

**Oversight** assumes IF the requirements of this proposal would result in a change in utility rates, state government agencies, local governments and small businesses could be fiscally impacted.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**GENERAL REVENUE FUND**

Costs - Department of Economic Development

Office of the Public Counsel (OPC)

Personal Service (3 FTE)	(\$121,487)	(\$149,429)	(\$153,165)
Fringe Benefits	(37,357)	(\$45,949)	(\$47,098)
Expense and Equipment	<u>(284,469)</u>	<u>(\$274,324)</u>	<u>(\$76,555)</u>
Total <u>Costs</u> - OPC	(\$443,313)	(\$469,702)	(\$276,818)

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<u>FISCAL IMPACT - State Government</u> (continued)	FY 2001 (10 Mo.)	FY 2002	FY 2003
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$443,313)</u></b>	<b><u>(\$469,702)</u></b>	<b><u>(\$276,818)</u></b>
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**PUBLIC SERVICE COMMISSION FUND**

<u>Costs - Public Service Commission (PSC)</u>			
Personal Service (8 FTE)	(\$222,374)	(\$273,522)	(\$280,360)
Fringe Benefits	(68,380)	(84,108)	(86,211)
Expense and Equipment	<u>(293,540)</u>	<u>(261,646)</u>	<u>(63,494)</u>
Total <u>Costs</u> - PSC	(\$584,294)	(\$619,276)	(\$430,065)

<u>Revenue-PSC</u>			
Assessment to utilities	\$584,294	\$619,276	\$430,065

<b>ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**LOCAL GOVERNMENT**

<u>Costs</u> for municipals to meet additional requirements	(Unknown)	(Unknown)	(Unknown)
Loss of tax revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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### FISCAL IMPACT - Small Business

This proposal would fiscally impact small businesses as it would allow each to choose their own suppliers of electric generation services. In addition, small businesses who supply electric generation services would be fiscally impacted.

### DESCRIPTION

This is the Electric Utility Restructuring Act.

#### RETAIL ELECTRIC PROVIDER CHOICE

The bill allows consumers to choose, starting July 1, 2004, their suppliers of electric power and energy, either from a competitive electric provider (CEP) on a competitive market basis or from the incumbent electric utility on a regulated basis. Once a consumer chooses to purchase power on a competitive market basis, that consumer may not later buy electric power for that structure on a regulated basis, unless the regulatory body with jurisdiction determines otherwise for a reason in the public interest.

Local electric distribution service for consumers buying power from competitive electric providers will be provided on a non--discriminatory basis. The bill requires every local distribution utility (LDU) to become part of a control area as recognized by the North America Electric Reliability Council. CEPs will deliver to the LDU's control area the amount of power they have contracted to sell to the retail consumers of that LDU.

Within 120 days after this bill becomes effective, all LDUs will file with the Public Service Commission (PSC) maps of their electric distribution systems as they existed on the effective date of the bill. After July 1, 2004, except as otherwise agreed, each LDU will only provide distribution service to new structures that are closer to its distribution system than to the distribution system of another LDU as shown on the maps. The regulatory body for each LDU will establish appropriate rates for local distribution services and consumer services, such as metering.

#### METERING & BILLING

All billing and metering of retail electric power sales will be done by the LDU serving the structure. By July 1, 2004, all bills for electric service will list separately energy, distribution service, taxes, and other breakdown of costs that may be informative. If the retail consumer does

DESCRIPTION (continued)

not pay the bill in full when due, the LDU is authorized to terminate service.

MUNICIPAL UTILITIES

A municipal utility will not participate in the competitive retail electric market unless its governing body elects to do so.

COMPETITIVE TRANSITION COSTS

The bill allows electric service providers competing in retail sales of electricity to remove assets from their regulated rate bases and to recover a reasonable amount of prudently incurred, net, verifiable competitive transition costs (CTCs). The electric service provider has the duty to serve its regulated customers and to mitigate CTCs. Within 6 months of the effective date of the bill, each electric service provider will file a resource plan with the PSC defining which resources and assets it will use to satisfy its regulated consumer obligations and which are free to be used in the competitive market. The plan and any changes to it are subject to PSC approval. Municipal utilities and electric cooperatives will designate assets at the direction of their regulatory bodies, adopt plans for recovery of anticipated transition costs, and file the plans with the PSC.

A recovery plan may include a competitive transition charge and specify a recovery period. The amount of CTCs and the length of recovery cannot cause the total price for power, transmission, and distribution service for any of that provider's retail consumer classes to exceed the cost per kilowatt-hour paid as of July 1, 2004. All retail consumers in the same consumer class will pay an identical transition charge, and CTC recovery will be through a non-by-passable, per-kilowatt-hour charge on sales that is fair to all consumer classes. The bill outlines cases where an exception may be authorized, and factors a regulatory body must take into account in approving a CTC recovery plan. The PSC is authorized to review charges and determine a revised charge that may be applied prospectively.

Transition cost recovery rates for municipal electric utilities and electric cooperatives will be set by their respective regulatory bodies. Any retail consumer disputing the amount of the charge has standing to seek judicial review and determination of the reasonableness of the charge.

CONSUMER PROTECTION MEASURES

Before January 1, 2004, the PSC will make rules to ensure that service proposals include meaningful cost information and a disclosure form that must be signed by the consumer before any contract is valid. The bill outlines components to be included in the disclosure form and

DESCRIPTION (continued)

requires the PSC to establish the components of the form. The PSC will also make rules relating to other consumer protections including unauthorized switching of providers and dispute resolution procedures. Before January 1, 2004, each electric service provider's regulatory body will make rules establishing procedures and standards to discontinue service for non-payment and reconnection. The PSC is required to make rules governing the conduct of LDUs acting as CEPs or LDUs that are affiliated with CEPs.

AGGREGATION

In areas served by CEPs, consumers are allowed to aggregate their electrical loads on a voluntary basis. A political subdivision aggregator must offer aggregation to all residential consumers within its jurisdiction, but it cannot require anyone to purchase power from the political subdivision.

LICENSING

Starting July 1, 2004, no CEP, aggregator, or broker will sell electric power without obtaining a license from the PSC to do so. The PSC will make rules establishing procedures for obtaining and renewing a license and is authorized to revoke or suspend a license for violation of requirements. The PSC is authorized to make rules prohibiting misleading or fraudulent merchandising and marketing practices and to seek injunctive relief in Cole County circuit court enjoining such prohibited conduct by a CEP. A person injured by such prohibited conduct is entitled to available legal remedies. The licensing provisions of the bill do not apply to any CEP that is also an LDU serving structures in this state.

TRANSMISSION

Each electric service provider is authorized to join a regional transmission organization (RTO) or functional equivalent before July 1, 2004. The bill outlines requirements for any transmission utility that owns and operates a system of at least 34 kilovolts and does not join an RTO.

ELECTRIC COOPERATIVES

The bill modifies existing statutes relating to electric cooperatives by removing the limitation to serve only rural areas and empowering them to provide local distribution service. Territorial agreements must designate the boundaries of both generation service area and local distribution service area in addition to the current requirement to designate the boundaries of the generation service area. The "flip flop" statute is amended to apply only to local distribution service; it

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DESCRIPTION (continued)

currently applies to electrical service. Current law allows a cooperative's bylaws to provide that the cooperative's service territory may be divided into at least 2 voting districts in order to distribute properly its directors over the area in which its members reside. The bill adds another purpose for which the territory may be divided: to distribute properly directors among members receiving different types of services from the cooperative. A prohibition on certain unlawful customer switching of electric suppliers is repealed.

This legislation is not federally mandated, would not duplicate any other program, and would not require additional capital improvements or rental space.

This proposal could affect Total State Revenues.

SOURCES OF INFORMATION

Office of Administration-Division of Purchasing and Materials Management  
Department of Revenue  
Department of Natural Resources  
Department of Economic Development  
Office of Public Counsel  
Public Service Commission  
City Utilities of Springfield  
Office of the Secretary of State  
Columbia Water and Light

NOT RESPONDING:

Independence Power and Light, City of St. Louis



Jeanne Jarrett, CPA  
Director  
March 29, 2000